

October 25, 2002

VIA HAND DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Western Massachusetts Electric Company Request for Approval of
Standard Offer Solicitation for Calendar Year 2003

Dear Secretary Cottrell:

Western Massachusetts Electric Company ("WMECO") hereby requests that the Department of Telecommunications and Energy ("Department") approve the attached contract between WMECO and the winning bidder to supply WMECO's customers with Standard Offer service for calendar-year 2003. Five copies of this filing are enclosed. In addition, WMECO has submitted the filing electronically at dte.efiling@state.ma.us.

Section 1B(b) of Chapter 164 of the General Laws requires each distribution company to purchase electricity for Standard Offer service through a competitive bid process that is approved by the Department. Previously, on September 20, 2002, WMECO provided to the Department WMECO's Standard Offer Request for Proposals. The attached contract is the result of that RFP. The winning bidder in WMECO's solicitation, as shown on the attached contract, will supply WMECO's Standard Offer service at an average price of 4.88 cents per kilowatthour. This is nearly the same price in place for calendar 2002 (4.83 cents per kilowatthour). Later this Fall, WMECO will submit to the Department a separate filing which will adjust WMECO's rates as of January 1, 2003 for the new Standard Offer price, any reconciliation adjustments and for other relevant factors. In this filing, WMECO seeks only approval of the attached contract for Standard Offer service supply.

The terms of the attached contract with the winning bidder are similar to those submitted to, and approved by, the Department last year. However, the winning bidder is responsible for all congestion charges associated with serving the load after the implementation of Standard Market Design in New England (Scenario B1 in the RFP). (Please refer to the attached letter of September 20, 2002 to the Department that provides additional information in this regard.)

The contract attached to this filing has been redacted, as has been the case in the past, to protect the name of the winning bidder and credit/security assurances. The composite price for Standard Offer service is public as set forth above. The prices bid for individual portions of the WMECO load are held confidential at the request of the winning bidder because they are commercially sensitive. In accordance with Department policy, one copy of the unredacted contract is provided to Jeanne Voveris of the Department's legal staff in a sealed envelope. In addition, the DOER, as a signatory to a relevant confidentiality agreement with WMECO, will receive the unredacted contract.

As in past solicitations, WMECO and the Division of Energy Resources have retained John E. Higgins, Jr., a consultant with Navigant Consulting, Inc., 200 Wheeler Road, Burlington, Massachusetts 01803, as the independent third party to evaluate the solicitation process. In a report that will be provided to the Department under separate cover, Mr. Higgins states that he found WMECO's Standard Offer service procurement process to be simple, straightforward, and competitive, attracting many qualified bidders for the provision of all or a portion of WMECO's Standard Offer service requirements. Mr. Higgins further stated that the bid evaluation process was "thorough, consistent, and fair to each of the bidders."

Finally, WMECO respectfully requests that the Department expeditiously consider and rule on WMECO's request for approval of its Standard Offer service contract. The winning bidder has indicated to WMECO that an expeditious ruling is needed. Accordingly, WMECO requests that the Department review and rule on this request within five business days -- the same period of time in which the Department considers Default Service solicitations.

Please contact me or Don Bishop (617/345-4622) should you have any questions concerning this request.

Sincerely,

Stephen Klionsky

cc: Paul G. Afonso
Ronald LeComte
Jeanne Voveris
Joseph Rogers
Matthew T. Morais
Andrew J. Newman